
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Front Street
2 Apartments project on the island of Maui provides affordable
3 housing to more than two hundred fifty low-income residents.
4 The project was developed using state financing and state tax
5 credits in 2001 as an affordable rental housing project with one
6 hundred forty-two units, and was expected to remain affordable
7 to low-income tenants for fifty years. However, the owners of
8 the project have exercised an option to remove the project from
9 the affordability requirements tied to the development of the
10 project. This change will allow them to begin renting available
11 apartments at market rates and to raise rents for existing
12 tenants by October 2019.

13 The legislature further finds that many tenants of the
14 Front Street Apartments project were not previously aware of
15 this threat to their housing and are now worried that the
16 removal of affordability requirements could leave them homeless.
17 There is a severe shortage of affordable housing on the island



1 of Maui, especially in west Maui, and this shortage will be
2 exacerbated by the conversion of the Front Street Apartments
3 project to market-rate housing.

4 The legislature took steps to condemn the ground lease for
5 the Front Street Apartments project by enacting Act 150, Session
6 Laws of Hawaii 2018 (Act 150). However, the legislature
7 believes that the tenants, surrounding community, and the island
8 of Maui would further benefit if the State were to acquire the
9 leased fee and fee simple interests in the Front Street
10 Apartments project.

11 The legislature declares that it is in the public interest
12 and is required for public use to preserve the affordable rental
13 housing project at the Front Street Apartments by exercising the
14 power of eminent domain if an agreement to transfer the property
15 to the State is not reached within a reasonable time. If the
16 State exercises eminent domain powers, the legislature further
17 declares that it is necessary to provide public financing for
18 the acquisition of any property interest in the Front Street
19 Apartments by condemnation through the expenditure of general
20 funds, revenue bonds, dwelling unit revolving funds, rental



1 housing revolving funds, or any other funds at the disposal of
2 the State.

3 The legislature notes that Act 150 additionally authorized
4 the Hawaii housing finance and development corporation to
5 complete construction on another affordable housing project on
6 Maui. Development activities and expenditures on this project
7 have commenced but may not be completed by the time provided in
8 that Act, and funds are due to expire.

9 The legislature finds that, by enacting Act 288, Session
10 Laws of Hawaii 2006, the State intervened to preserve affordable
11 housing at the Kukui gardens affordable rental housing project
12 on the island of Oahu and this action provides precedent for
13 this Act and Act 150.

14 Accordingly, the purpose of this Act is to ensure the
15 continued availability of affordable rental housing, including
16 the Front Street Apartments project and Leialii affordable
17 housing project, on Maui.

18 SECTION 2. (a) The Hawaii housing finance and development
19 corporation shall immediately initiate negotiations with:



1 (1) 3900 Corp., leasehold fee owner of the parcel
2 designated as tax map key (2) 4-5-003-013, or its
3 successor in interest; and

4 (2) Front Street Affordable Housing Partners, fee owner of
5 the parcel designated as tax map key (2) 4-5-003-014,
6 or its successor in interest,
7 to acquire each respective parcel.

8 (b) The Hawaii housing finance and development corporation
9 may partner with private for-profit or nonprofit developers for
10 the acquisition of the Front Street Apartments project; provided
11 that:

12 (1) Seventy rental units shall be retained at affordable
13 rents for households whose incomes do not exceed fifty
14 per cent of the median family income for the area as
15 determined by the United States Department of Housing
16 and Urban Development; and

17 (2) Seventy-one rental units shall be retained at
18 affordable rents for households whose incomes do not
19 exceed sixty per cent of the median family income for
20 the area as determined by the United States Department
21 of Housing and Urban Development.



1 SECTION 3. The Hawaii housing finance and development
2 corporation shall submit a report to the legislature no later
3 than twenty days prior to the convening of the regular session
4 of 2020 regarding its efforts to acquire the leased fee and fee
5 simple interests in the Front Street Apartments project.

6 SECTION 4. The Hawaii housing finance and development
7 corporation shall exercise its power of eminent domain to
8 acquire any leased fee or fee simple interest in the Front
9 Street Apartments project for which an agreement to acquire the
10 leased fee or fee simple interest is not reached within a
11 reasonable time, as determined by the corporation. For the
12 purposes of this Act, and notwithstanding any provision of
13 section 201H-13, Hawaii Revised Statutes, to the contrary,
14 condemnation of any leased fee or fee simple interest in the
15 Front Street Apartments project shall not be subject to
16 legislative disapproval.

17 SECTION 5. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so
19 much thereof as may be necessary for fiscal year 2019-2020 for
20 the purposes of this Act.



1 The sum appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the purposes of
3 this Act.

4 SECTION 6. Act 150, Session Laws of Hawaii 2018, is
5 amended by amending section 3 to read as follows:

6 "SECTION 3. There is appropriated out of the rental
7 housing revolving fund the sum of \$30,000,000 or so much thereof
8 as may be necessary for fiscal year 2018-2019 to expedite and
9 complete the construction of the Leialii affordable housing
10 project in Lahaina, Maui, by [2021] _____.

11 The sum appropriated shall be expended by the Hawaii
12 housing finance and development corporation for the purposes of
13 this section."

14 SECTION 7. This Act does not affect rights and duties that
15 matured, penalties that were incurred, and proceedings that were
16 begun before its effective date.

17 SECTION 8. If any provision of this Act, or the
18 application thereof to any person or circumstance, is held
19 invalid, the invalidity does not affect other provisions or
20 applications of the Act that can be given effect without the



1 invalid provision or application, and to this end the provisions
2 of this Act are severable.

3 SECTION 9. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 10. This Act shall take effect on July 1, 2075.



Report Title:

HHFDC; Affordable Housing; Front Street Apartments; Acquisition;
Report; Leialii Affordable Housing Project; Appropriation

Description:

Directs the Hawaii Housing Finance and Development Corporation to initiate negotiations and exercise its power of eminent domain to acquire the Front Street Apartments affordable housing project on Maui. Extends the deadline to complete the Leialii affordable housing project on Maui. Effective 7/1/2075. (SD1)

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